Volume 11 No. 6, February 16, 2005

CHAIRMAN'S MESSAGE

Over the first six months of the dairy year, producers experienced first hand the new production realities brought on by the WTO decision that restricted Canadian producers to serving only the domestic market.

Saskatchewan, and Canadian producers alike, have risen to the challenge and are making difficult adjustments to supply that market on a consistent basis. This reality has brought new meaning to the phrase "produce for 100% of your quota allocation".

In Saskatchewan, producers are to be congratulated for their efforts to supply our provincial quota allocation over the first six months, while at the same time producing their 97% maintenance requirement. As a province, we produced a record 4,093,927 kilograms of butterfat, or 98.28% of our quota allocation. Since the province produced above its 97% requirement, producers as a whole will see their quota allocation maintained.

Producers took full advantage of the swapping policy and set a record for number of swaps during the first six months of the dairy year. The Board recognized the need to provide as much flexibility as possible, yet administer the policy in a consistent manner. That is why the Board extended the swapping deadlines for the two reconciliation periods to ensure that producers had adequate time to review most recent production information and more accurately forecast their swapping needs.

As we enter the second half of the dairy year, we look forward to producers' continued vigilance in managing their monthly quota allocation so that both over and under production situations are avoided.

In the process of monitoring the quota management and other policies, the Board meets regularly with Dairy Farmers of Saskatchewan Board of Directors to review progress, identify issues, and to receive their advice.

In addition, the Board looks forward to discussing policy issues with as many producers as possible during our spring round of meetings.

QUOTA EXCHANGE

The sixth butterfat Quota Exchange of the 2004-2005 dairy year was conducted on February 15, 2005. The market-clearing price for unused quota was **$67.00**. There was no market-clearing price for used quota as there were no offers to sell. The results of the February, 2005 Quota Exchange are outlined in the following Tables.

The next monthly Quota Exchange for the 2004-2005 dairy year will be held on March 15, 2005. All offers to sell and bids to purchase quota through the Quota Exchange must be received at the Board office by midnight, March 6, 2005. The Board recommends that offers and bids be submitted well in advance of the deadline date to ensure adequate time for corrections, if necessary.

Just a reminder to producers that when making bids on the Quota Exchange, the price on offers to sell quota is the minimum price that the producer is prepared to accept for that quota. Only if the market-clearing price is equal to or greater than the producer's minimum price will that producer qualify for participation in the Exchange.

Conversely, the price on offers to purchase quota is the maximum price that the producer is prepared to pay for that quota. Only if the market-clearing price is equal to or less than the producer's maximum price will that producer qualify for participation in the Exchange.

The clearing price is established at the price where the smallest difference exists between the accumulated volume offered for sale and the accumulated volume bid to purchase. To determine the clearing price of Total Production Quota, the bids to buy may be adjusted to five percent of annual production quota issued. This is necessary to avoid price distortion from excessively large bids.

TABLE I

UNUSED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	$ 67.00
Kilograms offered to Purchase – total	22,100
Kilograms offered to purchase at 5% adjustment	17,312
Kilograms offered to Sell	3,920
Kilograms sold	3,920
Number of Producers	
- offered to purchase	13
- purchased quota	
- offered to sell	7
- sold quota	7

UNUSED QUOTA EXCHANGE

Price ($/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
56.70	6	6	3,791	3,791	-13,521	17,312	0	13	0
60.00	1	7	129	3,920	-13,392	17,312	0	13	0
61.00	0	7	0	3,920	-13,392	17,312	1,091	13	1
62.03	0	7	0	3,920	-12,301	16,221	1,582	12	1
62.50	0	7	0	3,920	-10,719	14,639	2,000	11	1
63.00	0	7	0	3,920	-8,719	12,639	1,726	10	1
64.00	0	7	0	3,920	-6,993	10,913	1,050	9	1
65.00	0	7	0	3,920	-5,943	9,863	3,709	8	3
65.10	0	7	0	3,920	-2,234	6,154	600	5	1
66.00	0	7	0	3,920	-1,634	5,554	1,150	4	2
67.00	**0**	**7**	**0**	**3,920**	**-484**	**4,404**	**1,050**	**2**	**1**
70.00	0	7	0	3,920	566	3,354	3,354	1	1

TABLE II

USED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	**$ ------**
Kilograms offered to Purchase – total	**5,800**
Kilograms offered to Sell	**0**
Kilograms sold	**0**
Number of Producers	
- offered to purchase	**3**
- purchased quota	**0**
- offered to sell	**0**
- sold quota	**0**

USED QUOTA EXCHANGE

Price ($/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
55.00	0	0	0	0	-5,800	5,800	1,800	3	2
55.60	0	0	0	0	-4,000	4,000	4,000	1	1

BUTTERFAT PRODUCTION AND COMPONENT PRICING, JANUARY 2005

Butterfat production for January 2005 totalled approximately 706,230 kilograms. This was slightly higher than December 2004 shipments. For the first six months of the 2004-2005 dairy year, Saskatchewan's allocation of Total Production Quota totalled 4,165,376 kilograms. **In the first six months, the province has shipped 98.28% of that amount**. The weighted average component tests and prices for the province in January are indicated in Table III.

TABLE III

Components	Average Test	Price per kilogram Class 2 to 5	Price per kilogram Class 1
Butterfat	3.7863	$9.1496	$5.30/kg
Protein	3.3239	$6.1496	$49.63 ($/hl)
Other solids (S.N.F.)	5.7290	$0.8920	$49.63 ($/hl)

Based on the average component tests for the province, the average price received was $64.9027 per hectolitre.

SASKATCHEWAN MILK POOL RESULTS January 2005
TABLE IV

Milk Sale Revenue	$ 12,372,248.71
Western Milk Pool	$ - 193,917.85
Dairy Farmers of Canada Skim Off	$ - 17,020.86
Plant of Last Resort Service	$ - 55,524.60
Total Pool Value	**$ 12,105,785.40**

ACCOUNTING VALUES FOR CLASSES OF MILK – February 2005
TABLE V

	Butterfat ($/kg.)	**Skim value ($/hl)**	
Class 1a	$5.30	$49.63	
Class 1b	$5.30	$49.63	
Class 1c	$5.30	$49.63	
	Butterfat ($/kg.)	**Protein ($/kg.)**	**Other Solids ($/kg)**
Class 2	$7.2333	$5.1141	$5.1141
Class 3a	$7.2333	$11.9171	$0.7978
Class 3b	$7.2333	$11.6866	$0.7832
Class 4a, 4b, 4d & 4d(i)	$7.2333	$4.7347	$4.7347
Class 4c	$7.2333	$3.9612	$3.9612
Class 4m	$0.00	$0.00	$0.00
Class 5a	$5.4736	$7.2349	$0.2379
Class 5b	$5.4736	$1.9458	$1.9458
Class 5c	$3.3740	$2.0000	$2.0000
Class 5d	**As determined by**	**the CDC**	

QUOTA MANAGEMENT TABLES

As part of this mail-out, the Board is providing each producer butterfat and quota management Tables showing actual kilograms of milk and butterfat production and utilization for January of the 2004-2005 dairy year. These Tables also indicate the percentage of each producer's quota allocation utilized as well as the kilograms of butterfat produced by these shipments.

The Board will continue to provide these Tables on a monthly basis. We hope this information will assist producers with their management decisions regarding the utilization of their butterfat quota.

If you have any questions concerning the information provided, please contact our office.

QUOTA LISTING SERVICE

The Board offers a free quota listing service as part of its Newsletter. Anyone wishing to sell or purchase quota and/or cows or swap quota is welcome to contact the Board office at (306) 787-5319. All prices and negotiations will be independent of the Milk Control Board.

Would like to swap unused for used

- Mark or Glenda Johnson — Phone (306) 725-4042

Would like to swap used for unused

• Roger Genoway	Phone (306) 593-2289	
• Stan or Jayden Sinclair	Phone (306) 332-4220	approximately 1,000 kgs
• Isaac Klassen	Phone (306) 249-4435	
• Bob Penrose	Phone (306) 946-2268	
• Reg or Julianne Lindenbach	Phone (306) 771-2776	
• Andy Szejvolt	Phone (306) 382-6917	
• Henry Ens	Phone (306) 239-4304	
• Jim Ross	Phone (306) 697-2232	
• Joe @ West Bench Colony	Phone (306) 295-4135	1,500 – 2,000 kgs
• Daryl Maurer	Phone (306) 697-3121 Phone #2 (306) 697-3169	500 – 700 kgs
• Tim @ Sovereign Colony	Phone (306) 882-2447	approximately 1,000 kgs

For Sale

- Dairy Hay and 6 Holstein heifers to calve in October or November
  - contact Martin Sondergaard (306) 547-2205

- 8 Holstein heifers calving approximately September 15th and 23 open heifers
  - contact Del Mealing (306) 693-2543

- 1995 Muller Bulk Tank 2000 gallon
  - contact Kevin Lischka at (306) 487-2663 or (306) 487-3227

- 20 head of young Holstein cows and bred heifers and 4 breeding age bulls
  - contact Les Fornwald at (306) 487-2784

- Jersey cows and heifers – fresh due in April and June
  - contact Joanne Edwards at (306) 528-7707

MILK CONTROL BOARD MEMBERS

Leonard Blocka, Chairman	Dairy producer
Dr. David Christensen	Dairy researcher/professor U of S
Joseph Guenther	Dairy producer
David Finlay	Dairy producer
Garf Stevenson	Consumer representative
Joanne Mortenson	Processor representative

For further information, please contact the Saskatchewan Milk Control Board office.

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